

~~AMENDMENT TO H.R. 2646, AS REPORTED~~
~~OFFERED BY MR. SANDERS OF VERMONT~~

(Page and line numbers refer to the amendment in the nature
of a substitute, COMBES.011)

AMENDMENT NO. ____ At the end of chapter 1 of subtitle C of title I (page
75, after line 17), insert the following new section:

1 **SEC. ____ NATIONAL COUNTER-CYCLICAL INCOME SUP-**
2 **PORT PROGRAM FOR DAIRY PRODUCERS.**

3 (a) DEFINITIONS.—In this section:

4 (1) BOARD.—The term “Board” means a Re-
5 gional Supply Management Board established under
6 subsection (b)(4).

7 (2) CLASS I, II, III, AND IV MILK.—The terms
8 ‘Class I milk’, ‘Class II milk’, ‘Class III milk’, and
9 ‘Class IV milk’ mean milk classified as Class I, II,
10 III, or IV milk, respectively, under an order.

11 (3) DISTRICT.—The term “District” means a
12 Regional Supply Management District established
13 under subsection (b)(3).

14 (4) ELIGIBLE PRODUCER.—The term “eligible
15 producer” means an individual or entity that directly
16 or indirectly has an interest in the production of
17 milk.

18 (5) ELIGIBLE PRODUCTION.—The term “eligi-
19 ble production” means the lesser of—



1 (A) the quantity of milk produced by an el-
2 igible producer during a month; or

3 (B) 230,000 pounds per month.

4 (6) MARKETING AREA.—The term “marketing
5 area” means a marketing area subject to an order.

6 (7) ORDER.—The term ‘order’ means—

7 (A) an order issued under section 8c of the
8 Agricultural Adjustment Act (7 U.S.C. 608c),
9 reenacted with amendments by the Agricultural
10 Marketing Agreement Act of 1937; or

11 (B) a comparable State order, as deter-
12 mined by the Secretary.

13 (8) PARTICIPATING STATE.—The term “partici-
14 pating State” means a State that is participating in
15 the program authorized by this section in accordance
16 with subsection (b)(2).

17 (9) STATE.—The term ‘State’ means each of
18 the 48 contiguous States of the United States.

19 (10) TRUST FUND.—The term ‘Trust Fund’
20 means the National Dairy Producers Trust Fund es-
21 tablished under subsection (b)(5).

22 (b) INCOME SUPPORT FOR ELIGIBLE PRODUCERS
23 FOR MILK SOLD TO PROCESSORS IN PARTICIPATING
24 STATES.—



1 (1) IN GENERAL.—During each of calendar
2 years 2002 through 2011, the Secretary shall carry
3 out a program under this subsection to support the
4 income of eligible producers for milk sold to proc-
5 essors in participating States.

6 (2) PARTICIPATING STATES.—

7 (A) SPECIFIED STATES.—The following
8 States are participating States for purposes of
9 the program authorized by this section: Ala-
10 bama, Arkansas, Connecticut, Delaware, Geor-
11 gia, Kansas, Kentucky, Louisiana, Maine,
12 Maryland, Massachusetts, Mississippi, Missouri,
13 New Hampshire, New Jersey, New York, North
14 Carolina, Oklahoma, Pennsylvania, Rhode Is-
15 land, South Carolina, Tennessee, Vermont, Vir-
16 ginia, and West Virginia.

17 (B) OTHER STATES.—The Governor of a
18 State not described in subparagraph (A) may
19 provide for the participation of the State in the
20 program authorized by this section by providing
21 notice to the Secretary in a manner determined
22 by the Secretary.

23 (C) WITHDRAWAL.—

24 (i) IN GENERAL.—For a State to
25 withdraw from participation in the pro-



1 gram authorized by this section, the Gov-
2 ernor of the State (with the concurrence of
3 the legislature of the State) shall notify the
4 Secretary of the withdrawal of the State
5 from participation in the program in a
6 manner determined by the Secretary.

7 (ii) EFFECTIVE DATE.—The with-
8 drawal of a State from participation in the
9 program takes effect—

10 (I) in the case of written notice
11 provided during the 180-day period
12 beginning on the date of enactment of
13 this Act, on the date on which the no-
14 tice is provided to the Secretary; and

15 (II) in the case of written notice
16 provided after the 180-day period, on
17 the date that is 1 year after the date
18 on which the notice is provided to the
19 Secretary.

20 (3) REGIONAL SUPPLY MANAGEMENT DIS-
21 TRICTS.—To carry out this subsection, the Secretary
22 shall establish 5 Regional Supply Management Dis-
23 tricts that are composed of the following partici-
24 pating States:



1 (A) NORTHEAST DISTRICT.—A Northeast
2 District consisting of the States of Connecticut,
3 Delaware, Maine, Maryland, Massachusetts,
4 New Hampshire, New Jersey, New York, Ohio,
5 Pennsylvania, Rhode Island, and Vermont.

6 (B) SOUTHERN DISTRICT.—A Southern
7 District consisting of the States of Alabama,
8 Arkansas, Florida, Georgia, Kansas, Kentucky,
9 Louisiana, Mississippi, Missouri, Nebraska,
10 New Mexico, North Carolina, Oklahoma, South
11 Carolina, Texas, Tennessee, Virginia, and West
12 Virginia.

13 (C) UPPER MIDWEST DISTRICT.—An
14 Upper Midwest District consisting of the States
15 of Illinois, Indiana, Iowa, Michigan, Minnesota,
16 North Dakota, South Dakota, and Wisconsin.

17 (D) INTERMOUNTAIN DISTRICT.—An
18 Intermountain District consisting of the States
19 of Arizona, Colorado, Idaho, Montana, Nevada,
20 Utah, and Wyoming.

21 (E) PACIFIC DISTRICT.—A Pacific District
22 consisting of the States of California, Oregon,
23 and Washington.

24 (4) REGIONAL SUPPLY MANAGEMENT
25 BOARDS.—



1 (A) IN GENERAL.—Each District shall be
2 administered by a Regional Supply Manage-
3 ment Board.

4 (B) COMPOSITION.—

5 (i) IN GENERAL.—The Board of a
6 District shall be composed of not less than
7 2, and not more than 3, members from
8 each participating State in the District,
9 appointed by the Secretary from nomina-
10 tions submitted by the Governor of the
11 State.

12 (ii) NOMINATIONS.—The Governor of
13 a participating State shall nominate at
14 least 5 residents of the State to serve on
15 the Board, of which—

16 (I) at least 1 nominee shall be an
17 eligible producer at the time of nomi-
18 nation; and

19 (II) at least 1 nominee shall be a
20 consumer representative.

21 (5) NATIONAL DAIRY PRODUCERS TRUST
22 FUND.—

23 (A) ESTABLISHMENT AND FUNDING.—
24 There is established in the Treasury of the
25 United States a trust fund to be known as the



1 National Dairy Producers Trust Fund, which
2 shall consist of—

3 (i) the payments received by the Sec-
4 retary and deposited in the Trust Fund
5 under paragraph (6); and

6 (ii) the payments made by the Sec-
7 retary to the Trust Fund under paragraph
8 (7).

9 (B) EXPENDITURES.—Amounts in the
10 Trust Fund shall be available to the Secretary,
11 to the extent provided for in advance in an ap-
12 propriations Act, to carry out paragraphs (8)
13 through (10).

14 (6) PAYMENTS FROM PROCESSORS TO TRUST
15 FUND.—

16 (A) IN GENERAL.—During any month for
17 which the Secretary estimates that the average
18 price paid by processors for Class I milk in a
19 District will not exceed \$17.50 per hundred-
20 weight, each processor in a participating State
21 in the District that purchases Class I milk from
22 an eligible producer during the month shall pay
23 to the Secretary for deposit in the Trust Fund
24 an amount obtained by multiplying—



1 (i) the payment rate determined under
2 subparagraph (B); by

3 (ii) the quantity of Class I milk pur-
4 chased from the eligible producer during
5 the month.

6 (B) PAYMENT RATE.—The payment rate
7 for a payment made by a processor that pur-
8 chases Class I milk in a participating State in
9 a District under subparagraph (A)(i) shall
10 equal the difference between—

11 (i) \$17.50 per hundredweight; and

12 (ii)(I) in the case of an area covered
13 by an order, the minimum price required
14 to be paid to eligible producers for Class I
15 milk in the marketing area under an order;
16 or

17 (II) in the case of an area not covered
18 by an order, the minimum price deter-
19 mined by the Secretary, taking into ac-
20 count the minimum price referred to in
21 subelause (I) in adjacent marketing areas.

22 (7) COUNTER-CYCLICAL PAYMENTS FROM SEC-
23 RETARY TO TRUST FUND.—

24 (A) IN GENERAL.—To the extent provided
25 for in advance in an appropriations Act, the



1 Secretary shall use the funds, facilities, and au-
2 thorities of the Commodity Credit Corporation
3 to make a payment each month to the Trust
4 Fund in an amount determined by
5 multiplying—

6 (i) the payment rate determined under
7 subparagraph (B); by

8 (ii) the quantity of eligible production
9 of Class II, Class III, and Class IV milk
10 sold in the various Districts during the
11 month, as determined by the Secretary.

12 (B) PAYMENT RATE.—The payment rate
13 for a payment made to the Trust Fund for a
14 month under subparagraph (A)(i) shall equal
15 25 percent of the difference between—

16 (i) \$13.00 per hundredweight; and

17 (ii) the weighted average of the price
18 received by producers in each District for
19 Class III milk during the month, as deter-
20 mined by the Secretary.

21 (8) COMPENSATION FROM TRUST FUND FOR
22 ADMINISTRATIVE AND INCREASED FOOD ASSISTANCE
23 COSTS.—The Secretary shall use amounts in the
24 Trust Fund to provide compensation to the Sec-
25 retary for—



1 (Λ) administrative costs incurred by the
2 Secretary and Boards in carrying out this sub-
3 section; and

4 (B) the increased cost of any milk and
5 milk products provided under any food assist-
6 ance program administered by the Secretary
7 that results from carrying out this subsection.

8 (9) PAYMENTS FROM TRUST FUND TO
9 BOARDS.—

10 (Λ) IN GENERAL.—The Secretary shall use
11 any amounts in the Trust Fund that remain
12 after providing the compensation required
13 under paragraph (8) to make monthly pay-
14 ments to Boards.

15 (B) AMOUNT.—The amount of a payment
16 made to a Board of a District for a month
17 under subparagraph (Λ) shall bear the same
18 ratio to payments made to all Boards for the
19 month as the eligible production sold in the
20 District during the month bears to eligible pro-
21 duction sold in all Districts.

22 (10) PAYMENTS BY BOARDS TO PRODUCERS.—

23 (Λ) IN GENERAL.—With the approval of
24 the Secretary, a Board of a District shall use
25 payments received under paragraph (9) to make



1 payments to eligible producers for eligible pro-
2 duction of milk that is commercially sold in a
3 participating State in the District.

4 (B) SUPPLY MANAGEMENT.—In carrying
5 out subparagraph (A), a Board of a District
6 may—

7 (i) use a portion of the payments de-
8 scribed in subparagraph (A) to provide bo-
9 nuses or other incentives to eligible pro-
10 ducers for eligible production to manage
11 the supply of milk produced in the Dis-
12 trict; and

13 (ii) request the Secretary to review a
14 proposed action under clause (i).

15 (C) REIMBURSEMENT OF COMMODITY
16 CREDIT CORPORATION.—

17 (i) IN GENERAL.—If the Secretary de-
18 termines that the Commodity Credit Cor-
19 poration has incurred additional costs to
20 carry out section 141 as a result of over-
21 production of milk due to the operation of
22 this section in a District, the Secretary
23 shall require the Board of the District to
24 reimburse the Commodity Credit Corpora-
25 tion for the additional costs.

1 (ii) BOARD ASSESSMENT.—The Board
2 of the District may impose an assessment
3 on the sale of milk within participating
4 States in the District to compensate the
5 Commodity Credit Corporation for the ad-
6 ditional costs.

7 (c) COUNTER-CYCLICAL PAYMENTS FOR ELIGIBLE
8 PRODUCERS FOR MILK SOLD TO PROCESSORS IN NON-
9 PARTICIPATING STATES.—

10 (1) IN GENERAL.—To the extent provided for
11 in advance in an appropriations Act, during each of
12 calendar years 2002 through 2011, the Secretary
13 shall use the funds, facilities, and authorities of the
14 Commodity Credit Corporation to make payments to
15 an eligible producer in a District for milk sold to
16 processors in a State that is not a participating
17 State in an amount determined by multiplying—

18 (A) the payment rate determined under
19 paragraph (2); by

20 (B) the payment quantity determined
21 under paragraph (3).

22 (2) PAYMENT RATE.—The payment rate for a
23 payment made to an eligible producer in a District
24 for a month under paragraph (1)(A) shall equal 25
25 percent of the difference between—

1 (A) \$13.00 per hundredweight; and

2 (B) the average price received by producers
3 in the District for Class III milk during the
4 month, as determined by the Secretary.

5 (3) PAYMENT QUANTITY.—The payment quan-
6 tity for a payment made to an eligible producer in
7 a District for a month under paragraph (1)(B) shall
8 be equal to—

9 (A) the quantity of eligible production of
10 Class II, Class III, and Class IV milk for the
11 eligible producer during the month, as deter-
12 mined by the Secretary; less

13 (B) the quantity of any milk that is sold
14 by the eligible producer to a processor in a par-
15 ticipating State during the month.

16 (d) LIMITATION.—In determining the amount of pay-
17 ments made for eligible production under this section, no
18 individual or entity directly or indirectly may be paid on
19 production in excess of 230,000 pounds of milk per month.

